

Kid

Interim report Q2 2017



Dear Shareholders

In the second quarter we focus on products for the outdoor environment. Our success is somewhat dependent on warm and sunny days which encourage consumers to spend more on decorating their outside spaces. This year, a combination of periodically favourable summer weather and increased focus on less weather dependent product lines have yielded solid results. Despite more favourable weather conditions and 4 additional shopping days last year, we are happy to report a total revenue growth of 4.9%.

Our main strategic priorities remain the same: Continue growth-enhancing initiatives in accordance with our business plan. Key takeaways from the second quarter:

- In March 2017 we announced the acquisition of new lease agreements from Hansen & Dysvik. During the second quarter, we opened new stores in Storo Storsenter (Oslo) and Romerikssenteret (Kløfta), and the store in Sandvika Storsenter (Sandvika) was relocated. On July 29th we opened the store in Pilestredet (Oslo) and we are currently planning to open the store at Ski Storsenter (Ski) ultimo September. The process has been progressing in accordance with plan and we have been able to develop new store fittings that improves the store concept further. We are optimistic about the future of these stores, which will improve our presence in Oslo significantly.
- In 2015, we renewed the window blind category under a new private label called "Decosol". The full assortment was made available in our largest stores due to space requirements, while other stores have carried only the base assortment in their inventories. The category has shown strong growth over the past couple of years. In order to exploit this development, we have now distributed the full-assortment to all of our stores during the second quarter.
- Last year we launched a mobile training app for our employees to improve product knowledge, which is successfully driving growth. During the second quarter of 2017 we launched an interactive simulation-based training app for tablets. This innovative gaming format enables our employees to receive scores based on their behaviour while servicing customers in a virtual Kid store. The game has been well received in our stores and we are confident that it will improve customer service satisfaction significantly over the coming years. The potential is evident in benchmarks such as the "Norsk Kundebarometer" which indicates that we still have a potential for further improvement compared to other retailers.
- A new lending agreement with DNB Bank was made effective during the second quarter. The agreement gives us flexibility to govern our cash holdings versus debt, and we are not obligated to pay any instalments under the agreement which expires in May 2020. The agreement is a cornerstone in our financial goal to maintain a high dividend policy of 60-70% pay-out ratio. With reference to the ordinary general meeting on May 11th 2017, Kid ASA is planning to pay a half-year dividend in November 2017 in accordance with the dividend policy and in light of the third quarter results.



As we publish this report, we are launching our back-to-school campaign in August, our third biggest sales month. We have worked on several initiatives which we believe will enhance the customer experience through better designs, category developments, market communication and in-store service.

Yours sincerely,

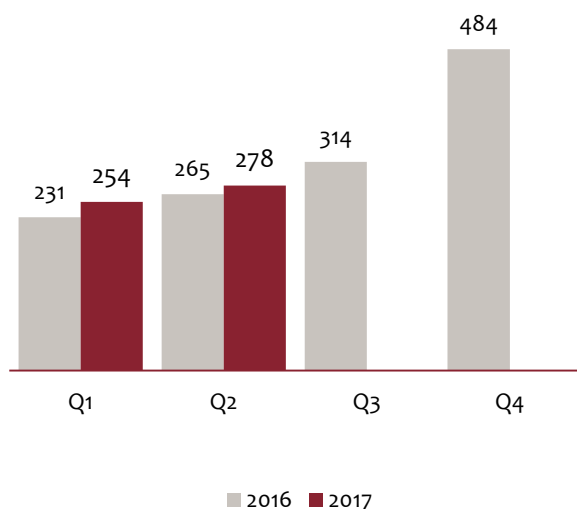
Kjersti Hobøl
CEO

Second quarter in brief

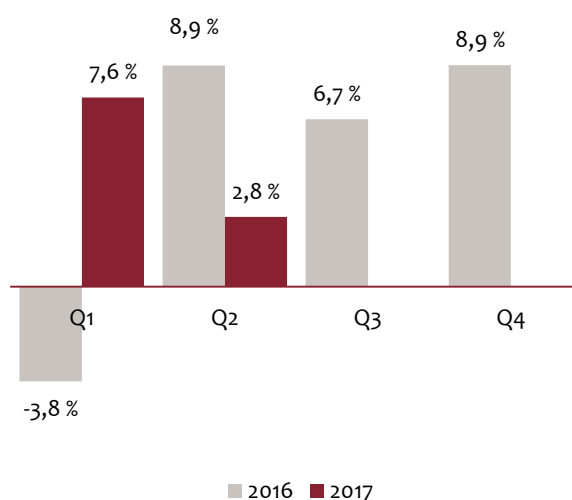
(Figures from corresponding period the previous year in brackets)

- Revenues of MNOK 278.4 (MNOK 265.5) in Q2 2017, an increase of 4.9%. Revenues were negatively affected by the timing of the Easter holiday in Q2 this year, whereas Easter was in Q1 last year. For the first two quarters of 2017, revenues amounted to MNOK 532.3 (MNOK 496.0), up 7.3% from 2016. The number of ordinary shopping days in the second quarter was 71 (75), and for the two first quarters the number of ordinary shopping days was 148 (149).
- Like-for-like (LFL) sales increased by 2.8% (8.9%) in the quarter and 5.1% (2.6%) for first two quarters.
- Gross margin of 61.6% (61.5%) in Q2 and 60.8% (60.0%) for the first two quarters.
- EBITDA of MNOK 21.6 (MNOK 24.5) in Q2. For the first two quarters, EBITDA was MNOK 28.8 (MNOK 24.6). There were no EBITDA adjustments in the period from Q1 2016 to Q2 2017.
- The sale of home textiles in Q2 2017 in specialised stores in Norway increased by 7.7%, according to Statistics Norway. For the first two quarters of 2017, the corresponding figure was 7.0%.
- New stores opened in Fornebu S (Oslo), Romerikssenteret (Kløfta) and Storo Storsenter (Oslo) during Q2. The stores at Sandvika Storsenter (Sandvika) and Glasshuset (Bodø) were relocated. The total number of physical stores at the end of the quarter was 137 (132).

Revenues, MNOK



Like-for-like growth



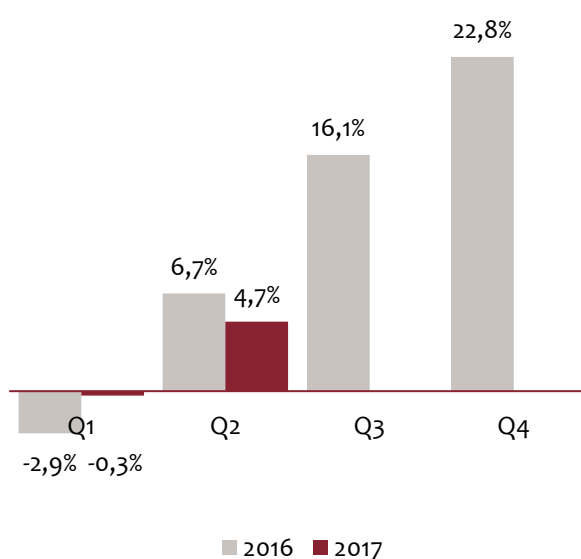
Key figures

Kid ASA has early adopted hedge accounting in accordance with IFRS9 from 1.1.2015. All references to historical financial figures are based on IFRS 9 in this report. A more detailed description is provided in the Annual Report for 2016.

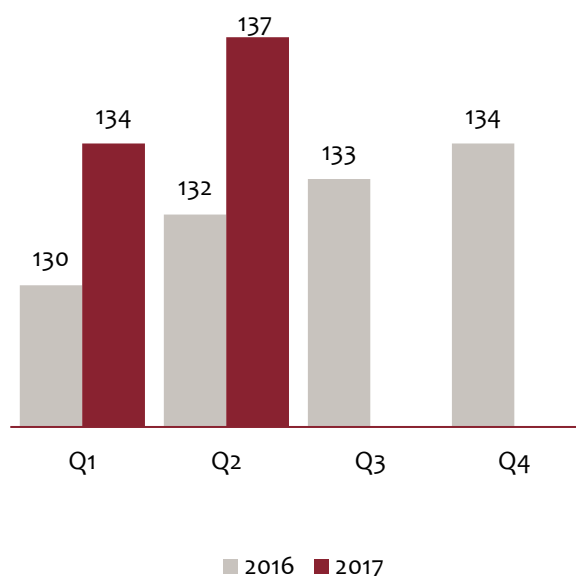
(Amounts in NOK million)	Q2 2017	Q2 2016	H1 2017	H1 2016	Full year 2016
Revenues	278,4	265,5	532,3	496,0	1293,9
Growth	4,9%	12,6%	7,3%	6,1%	8,9%
LFL growth including online sales	2,8%	8,9%	5,1%	2,6%	5,9%
No. of shopping days in period	71	75	148	149	306
No. of physical stores at period end	137	132	137	132	134
COGS	-107,0	-102,2	-208,9	-198,3	-515,3
Gross profit	171,4	163,3	323,4	297,8	778,6
Gross margin (%)	61,6%	61,5%	60,8%	60,0%	60,2%
EBITDA	21,6	24,5	28,8	24,6	201,1
EBITDA margin (%)	7,7%	9,2%	5,4%	5,0%	15,5%
EBIT	13,2	17,7	12,4	11,0	172,1
EBIT margin (%)	4,7%	6,7%	2,3%	2,2%	13,3%
Adj. Net Income*	7,8	10,9	4,7	3,4	119,5
#shares at period end	40,6	40,6	40,6	40,6	40,6
Adj. Earnings per share	0,19	0,27	0,12	0,08	2,94
Net interest bearing debt	450,9	472,5	450,9	472,5	234,7

*Adjusted for change in deferred tax caused by lower tax rate in 2016.

EBIT margin



Number of physical stores (period end)



Financial review

The figures reported in the Q2 report have not been subject to a review by the Group's auditor PwC, and the preparation has required management to make accounting judgements and estimates that impact the figures. Figures from the corresponding period the previous year are in brackets, unless otherwise specified.

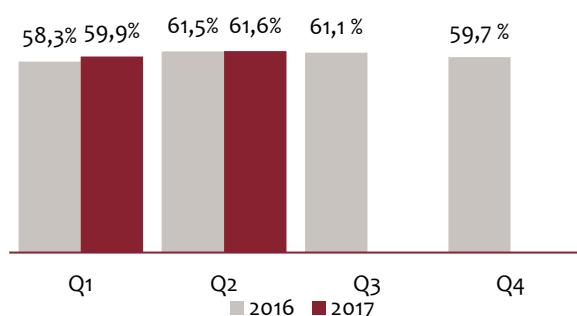
Profit and loss

Revenues in the second quarter of 2017 amounted to MNOK 278.4 (MNOK 265.5), an increase of 4.9% compared to the second quarter of 2016 (12.6%). Revenues were negatively affected by four fewer shopping days due to the timing of Easter. For the first two quarters of 2017, sales increased by 7.3% (6.1%). The number of ordinary shopping days in the second quarter was 71 (75), and for the two first quarters the number of ordinary shopping days was 148 (149).

Online sales grew by 46.7% (65.7%) in the second quarter of 2017 compared to the second quarter of 2016. Last twelve months online revenues were MNOK 36.2 (MNOK 23.9) as of June 30 2017 - a growth of 51.2% from the corresponding period last year.

During the second quarter of 2017, new stores opened in Fornebu S (Oslo), Romerikssenteret (Kløfta) and Storo Storsenter (Oslo). The stores at Sandvika Storsenter (Sandvika) and Glasshuset (Bodø) were relocated. The total number of physical stores at the end of the quarter was 137 (132).

Gross margin (hedge accounting):



Gross margin was 61.6% (61.5%) for the quarter, and 60.8% (60.0%) for the first two quarters. Kid ASA has applied IFRS9 and hedge accounting retrospectively, with initial application from 1 January 2015. All references to historical financial figures are based on IFRS 9 in this report.

Operating expenses, including employee benefit expenses, were MNOK 149.8 (MNOK 138.8) in the second quarter, up 7.9% from Q2 2016. For the first two quarters of 2017, operating expenses including employee benefit expenses amounted to MNOK 295.2 (MNOK 273.2). There are no adjustments made for extraordinary operating expenses in 2016 or 2017.

The increase in operating expenses is in line with our expectations and is driven by general inflation and growth initiatives related to new stores, relocation of stores and expansion of the warehouse capacity. Our financial goal of maintaining last year's ratio between operating expenses and sales remains unchanged on an annual basis.

Employee expenses increased by 7.9% to MNOK 71.6 (MNOK 66.3) in the second quarter:

- 2.0 percentage points of the increase due to net new stores
- 2.0 percentage points due to increased provision for store bonuses. Store bonuses are paid annually based on actual EBITDA per December 31st. It is expected that store bonuses will be normalized during the third and fourth quarter
- 3.9 percentage points due to general salary inflation and increased staffing level.

Other operating expenses have increased by 8.0% in the quarter to MNOK 78.2 (MNOK 72.5):

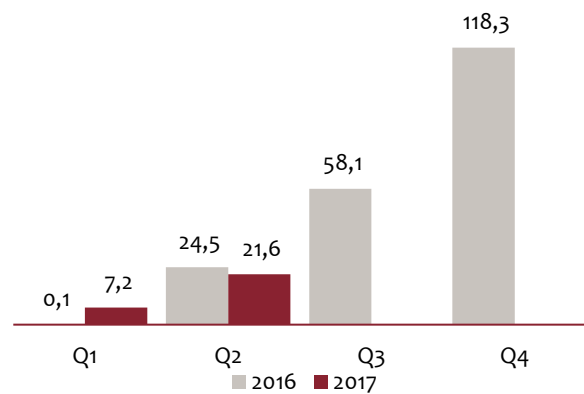
- 1.6 percentage points related to retail space rental costs for new stores opened in 2016 and 2017
- 3.5 percentage points related to other store rental costs driven by inflation and relocation of stores
- 1.3 percentage points related to warehouse rental cost driven by inflation and the extension of the rental agreement effective from January 2nd 2017
- 1.6 percentage points related to other OPEX

With reference to the announced agreement with Hansen & Dysvik AS, Kid ASA paid a fee of MNOK 9.5 related to the transaction during the second quarter. The fee will be booked as a house rental cost over the duration of the lease agreements for the next 5-7 years with effect from Q2.

EBITDA amounted to MNOK 21.6 (MNOK 24.5) in the second quarter. This represents an EBITDA margin of 7.7% (9.2%).

EBITDA for the first two quarters of 2017 came to MNOK 28.8 (MNOK 24.6), an increase of 17.1% driven by revenue growth and gross margin improvement.

EBITDA



EBIT amounted to MNOK 13.2 (MNOK 17.7) in the second quarter. This represents an EBIT margin of



4.7% (6.7%). EBIT was affected by increased depreciation due to last year's CAPEX levels.

EBIT for the first two quarters came to MNOK 12.4 (MNOK 11.0), corresponding to an EBIT margin of 2.3% (2.2%).

Net financial expenses amounted to MNOK 3.0 (MNOK 3.1) in the second quarter, and MNOK 6.2 (MNOK 6.4) for the first two quarters of 2017.

A new lending agreement with DNB Bank was made effective during the second quarter. The agreement replaces the MNOK 525 long term debt with (1) MNOK 100 flexible credit facility, and (2) MNOK 425 long term debt. Kid ASA is not obligated to pay any instalments under the agreement, and the agreed interest margin represents a small increase from the

current level based on longer duration. The lending agreement expires in May 2020.

Net income amounted to MNOK -3.0 (MNOK -7.4) in the quarter. Net income for the first two quarters was MNOK 4.7 (MNOK 3.4).

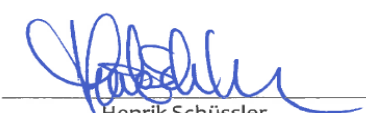
Events after the end of the reporting period

The USDNOK level came down ~5% in July 2017 to a more favourable level. Kid ASA remain loyal to the hedging strategy, where all goods purchases denominated in USD are hedged on a rolling six-month basis using forward contracts.

There have been no other significant events after the end of the reporting period.

Lier, 13th August 2017

The board of Kid ASA

 Bjørn Rune Gjelsten Board member	 Henrik Schüssler Chairman	 Karin Bing Orgland Board member
 Vilde Falck-Ytter Board member		 Pål Frimann Clausen Board member

Kid ASA Q2 2017

Financial statements

Interim condensed consolidated statement of profit and loss

(Amounts in NOK thousand)	Note	30.06.2017 Unaudited	30.06.2016 Unaudited	H1 2017 Unaudited	H1 2016 Unaudited	Full Year 2016 Unaudited
Revenue		278 365	265 468	532 277	496 022	1 293 932
Other operating revenue		22	9	597	43	1 604
Total revenue		278 387	265 477	532 873	496 066	1 295 536
Cost of goods sold		107 012	102 158	208 875	198 253	515 299
Employee benefits expense		71 562	66 331	144 816	134 267	289 547
Depreciation and amortisation expenses	9	8 354	6 833	16 379	13 559	28 953
Other operating expenses		78 245	72 464	150 376	138 952	289 627
Total operating expenses		265 174	247 786	520 446	485 030	1 123 426
Operating profit		13 213	17 691	12 427	11 035	172 110
Other financial income		130	224	474	399	1 008
Other financial expense		3 137	3 371	6 657	6 829	13 678
Changes in fair value of financial assets		0	0	0	0	0
Net financial income (+) / expense (-)		-3 006	-3 147	-6 184	-6 431	-12 670
Profit before tax		10 207	14 544	6 243	4 605	159 440
Income tax expense		2 453	3 665	1 501	1 165	25 413
Net profit (loss) for the period		7 753	10 879	4 742	3 440	134 027
Interim condensed consolidated statement of comprehensive income						
Profit for the period		7 753	10 879	4 742	3 440	134 027
Other comprehensive income		-5 462	2 628	-4 693	-5 655	-212
Tax on comprehensive income		-1 311	657	-1 126	-1 414	-137
Total comprehensive income for the period		3 602	12 850	1 175	-802	133 952
Attributable to equity holders of the parent		3 602	12 850	1 175	-802	133 952
Basic and diluted Earnings per share (EPS):		0,19	0,27	0,12	0,08	3,30

The accompanying notes are an integral part of the Condensed Consolidated Interim Financial Statements

Interim condensed consolidated statement of financial position

(Amounts in NOK thousand)	Note	30.06.2017 Unaudited	30.06.2016 Unaudited	31.12.2016 Audited
Assets				
Trademark	9	1 462 335	1 462 634	1 463 023
Store lease rights	9	9 368	0	0
Total intangible assets		1 471 703	1 462 634	1 463 023
Fixtures and fittings, tools, office machinery and equipment	9	94 034	86 843	88 496
Total tangible assets		94 034	86 843	88 496
Total fixed assets		1 565 737	1 549 477	1 551 520
Inventories		284 396	242 633	222 190
Trade receivables		1 776	1 612	2 527
Other receivables	6	22 111	23 894	26 431
Derivatives	6	0	0	8 372
Total receivables		23 887	25 506	37 330
Cash and bank deposits		77 312	52 965	291 852
Total current assets		385 595	321 103	551 372
Total assets		1 951 332	1 870 581	2 102 891

The accompanying notes are an integral part of the Condensed Consolidated Interim Financial Statements

Interim condensed consolidated statement of financial position

(Amounts in NOK thousand)	Note	30.06.2017 Unaudited	30.06.2016 Unaudited	31.12.2016 Audited
Equity and liabilities				
Share capital		48 774	48 774	48 774
Share premium		321 049	321 049	321 049
Other paid-in-equity		64 617	64 617	64 617
Total paid-in-equity		434 440	434 440	434 440
Other equity		483 389	431 294	567 852
Total equity		917 829	865 734	1 002 292
Pensions liabilities		0	0	0
Deferred tax		347 850	363 286	350 293
Total provisions		347 850	363 286	350 293
Liabilities to financial institutions	6	428 208	525 426	526 544
Derivatives		0	0	0
Total long-term liabilities		428 208	525 426	526 544
Liabilities to financial institutions	6	100 000	0	0
Trade payables		39 303	35 943	40 626
Tax payable		22 221	410	40 849
Derivative financial instruments	6	2 133	143	0
Public duties payable		51 167	38 432	80 729
Other short-term liabilities		42 622	41 207	61 558
Total short-term liabilities		257 446	116 134	223 762
Total liabilities		1 033 503	1 004 847	1 100 600
Total equity and liabilities		1 951 332	1 870 581	2 102 891

The accompanying notes are an integral part of the Condensed Consolidated Interim Financial Statements

Interim condensed consolidated statement of changes in equity

(Amounts in NOK thousand)

	Total paid- in equity	Other equity	Total equity
	Unaudited	Unaudited	Unaudited
Balance at 1 January 2016	434 440	503 971	938 411
Profit for the period YTD 2016	0	3 440	3 440
Other comprehensive income	0	-4 241	-4 241
Cash flow hedges	0	-10 908	-10 908
Dividend	0	-60 968	-60 968
Balance as at 30 June 2016	434 440	431 293	865 734
Balance at 1 January 2017	434 440	567 852	1 002 292
Profit for the period YTD 2017	0	4 742	4 742
Other comprehensive income	0	-3 567	-3 567
Cash flow hedges	0	-4 348	-4 348
Dividend	0	-81 290	-81 290
Balance as at 30 June 2017	434 440	483 389	917 829

The accompanying notes are an integral part of the Condensed Consolidated Interim Financial Statements

Interim condensed consolidated statement of cash flows

(Amounts in NOK thousand)	Note	Q2 2017 Unaudited	Q2 2016 Unaudited	H1 2017 Unaudited	H1 2016 Unaudited	Full Year 2016 Audited
Cash flow from operations						
Profit before income taxes		10 207	14 544	6 243	4 605	159 440
Taxes paid in the period		-10 064	-11 529	-20 129	-23 114	-21 739
Gain/loss from sale of fixed assets		0	0	0	0	0
Depreciation & impairment	9	8 354	6 833	16 379	13 559	28 953
Change in financial derivatives		0	0	0	0	0
Differences in expensed pensions and payments in/out of the pension scheme		0	0	0	0	0
Effect of exchange fluctuations		0	0	0	0	0
Items classified as investments or financing		3 138	3 147	6 316	6 431	12 670
Change in net working capital						
Change in inventory		-31 670	-8 716	-62 206	-38 317	-17 875
Change in trade debtors		107	-47	752	1 384	469
Change in trade creditors		3 081	-776	-1 323	-693	3 990
Change in other provisions*		-15 454	1 084	-42 348	-53 488	6 091
Net cash flow from operations		-32 301	4 540	-96 316	-89 635	171 999
Cash flow from investments						
Net proceeds from investment activities		0	0	0	0	0
Purchase of store lease rights		-9 500	0	-9 500	0	0
Purchase of fixed assets	9	-14 817	-8 529	-21 233	-17 370	-34 803
Net cash flow from investments		-24 317	-8 529	-30 733	-17 370	-34 803
Cash flow from financing						
Repayment of long term loans		-98 255	-155	-98 337	-335	783
Net interest		-4 668	-3 269	-7 938	-6 806	-12 705
Net change in bank overdraft		100 000	0	100 000	0	0
Dividend payment		-81 290	-60 968	-81 290	-60 968	-60 968
Net proceeds from shares issued		0	0	0	0	0
Net cash flow from financing		-84 214	-64 392	-87 565	-68 109	-72 889
Cash and cash equivalents at the beginning of the period		218 052	121 023	291 852	230 373	230 373
Net change in cash and cash equivalents		-140 832	-68 380	-214 614	-175 114	64 307
Exchange gains / (losses) on cash and cash equivalents		93	323	75	-2 295	-2 829
Cash and cash equivalents at the end of the period		77 312	52 965	77 312	52 965	291 852

*Change in other provisions includes other receivables, public duties payable and other short-term liabilities.

The accompanying notes are an integral part of the Condensed Consolidated Interim Financial Statements

Note 1 Corporate information

Kid ASA (former known as Nordisk Tekstil Holding ASA) and its subsidiaries` (together the "company" or the "Group") operating activities are related to the resale of home textiles on the Norwegian market.

All amounts in the interim financial statements are presented in NOK 1 000 unless otherwise stated.

Due to rounding, there may be differences in the summation columns.

Note 2 Basis of preparations

These condensed interim financial statements for the three and twelve months ended 30 June 2017 have been prepared in accordance with IAS 34, 'Interim financial reporting'. The condensed interim financial statements should be read in conjunction with the consolidated financial statements for the year ended 31 December 2016, which have been prepared in accordance with IFRS as adopted by the European Union ('IFRS').

Note 3 Accounting policies

The accounting policies applied in the preparation of the condensed consolidated interim financial statements are consistent with those applied in the preparation of the annual IFRS financial statements for the year ended 31 December 2016.

Amendments to IFRSs effective for the financial year ending 31 December 2017 are not expected to have a material impact on the group.

Note 4 Accounting policies

The Preparation of interim financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

In preparing these condensed interim financial statements the significant judgements made by management inn applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those applied to the consolidated financial statements for the year ended 31 December 2016.

Note 5 Segment information

The Group sells home textiles in 137 fully owned stores across Norway and through the Group's online website. Over 97% of the products are sold under own brands. The Group's aggregate online sales are approximately equal to the sales of one physical store and it is therefore not considered as a separate segment. The Norwegian market is not divided into separate geographical regions with distinctive characteristics and Kid's operations cannot naturally be split in further segments.

Note 6 Financial instruments

The group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

The condensed interim financial statements do not include all financial risk management information and disclosures required in the annual financial statements; they should be read in conjunction with the group's annual financial statements as at 31 December 2016.

There have been no changes in any risk management policies since the year end.

Set out below is a comparison of the carrying amounts and fair values of financial assets and liabilities as at 30 June 2017 and 30 June 2016.

(Amounts in NOK thousand)	30 June 2017		30 June 2016	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets				
Loans and receivables				
Trade and other receivables excluding pre-payments	1 801	1 801	1 637	1 637
Cash and cash equivalents	77 312	77 312	52 965	52 965
Total	79 113	79 113	54 602	54 602
Financial liabilities				
Borrowings (excluding finance lease liabilities)	525 000	525 000	525 000	525 000
Finance lease liabilities	3 208	3 208	426	426
Trade and other payables excluding non-financial liabilities	91 766	91 766	72 857	72 857
Total	619 974	619 974	598 282	598 282

Kid

Kid ASA, Gilhusveien 1, 3426 Gullaug
Main office: +47 940 26 000, Customer service: +47 00 20 00
www.kid.no

Financial instruments measured at fair value through profit and loss				
Derivatives - asset				
Foreign exchange forward contracts	0	0	0	0
Total	0	0	0	0
Derivatives – liabilities				
Foreign exchange forward contracts	2 133	2 133	143	143
Total	2 133	2 133	143	143

Fair value hierarchy

All financial instruments for which fair value is recognized or disclosed are categorized within the fair value hierarchy, based on the lowest level input that is significant to the fair value measurement as a whole, as follows:

Level 1 Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

Level 2 Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3 Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

There were no transfers between Levels or changes in valuation techniques during the period.

All of the Group's financial instruments that are measured at fair value are classified as level 2.

Level 2 trading and hedging derivatives comprise forward foreign exchange contracts and interest rate swaps. These forward foreign exchange contracts have been fair valued using forward exchange rates that are quoted in an active market. Interest rate swaps are fair valued using forward interest rates extracted from observable yield curves. The effects of discounting are generally insignificant for Level 2 derivatives.

Note 7 Earnings per share

	Q2 2017	Q2 2016	H1 2017	H1 2016	Full Year 2016
Weighted number of ordinary shares	40 645 162	40 645 162	40 645 162	40 645 162	40 645 162
Net profit or loss for the year	7 753	10 879	4 742	3 440	134 027
Earnings per share (basic and diluted) (Expressed in NOK per share)	0,19	0,27	0,12	0,08	3,30

Note 8 Related party transactions

The Group's related parties include its associates, key management, members of the board and majority shareholders.

None of the Board members have been granted loans or guarantees in the current year. Furthermore, none of the Board members are included in the Group's pension or bonus plans.

The following table provides the total amount of transactions that have been entered into with related parties during the six months ended 30 June 2017 and 2016:

Lease agreements:	H1 2017	H1 2016
Gilhus Invest AS (Headquarter rental)*	7 536	6 515
Våggsgaten Handel AS with subsidiaries (Store rental)	626	611
Mortensrud Næring AS	434	161
Bekkestua Eiendomsutvikling AS	773	0
Total	9 369	7 287

* The increase in Headquarter rental cost is driven by inflation and the extension of the warehouse effective from January 2nd 2017

Note 9 Fixed assets and intangible assets

(amounts in NOK million)	PPE	Trademark	Store lease rights
Balance 01.01.2017	88,5	1463,0	0,0
Additions	21,2		9,5
Disposals and write downs			
Depreciation and amortisation	-15,7	-0,7	-0,1
Balance 30.06.2017	94,0	1462,3	9,4

(amounts in NOK million)	PPE	Trademark	Store lease rights
Balance 01.01.2016	86,1	1459,6	0
Additions	14,3	3,0	
Disposals and write downs	0,0	0,0	
Depreciation and amortisation	-13,6	0,0	
Balance 30.06.2016	86,8	1462,6	0

RESPONSIBILITY STATEMENT KID ASA

We confirm, to the best of our knowledge, that the financial statements for the period 1 January to 30 June 2017 have been prepared in accordance with current applicable accounting standards, and give a true and fair view of the assets, liabilities, financial position and profit or loss of the entity and the group taken as a whole. We also confirm that the Board of Directors' Report includes a true and fair review of the development and performance of the business and the position of the entity and the group, together with a description of the principal risks and uncertainties facing the entity and the group.

Lier, 13th August 2017



Henrik Schüssler
Chairman of the board



Bjørn Rune Gjelsten
Member of the board




Pål Frimann Clausen
Member of the board



Vilde Falck-Ytter
Member of the board



Karin Bing Orkland
Member of the board



Kjersti Helen Krokeide Hobøl
Chief executive manager

Definitions

- **Like for like** are stores that were in operation at the start of last year's period and end of current period. Refurbished and relocated stores, as well as online sales, are included in the definition.
- **Gross profit** is revenue less cost of goods sold (COGS)
- **EBITDA** (earnings before interest, tax, depreciation and amortisation) is operating profit excluding depreciation and amortization
- **EBIT** (earnings before interest, tax) is operating profit
- **Capital expenditure** is the use of funds to acquire intangible or fixed assets
- **Net Income** is profit (loss) for the period
- **Adjusted Net Income** is Net Income adjusted for non-recurring items and change in deferred tax caused by the lower tax rate.

Disclaimer

This report includes forward-looking statements which are based on our current expectations and projections about future events. All statements other than statements of historical facts included in this report, including statements regarding our future financial position, risks and uncertainties related to our business, strategy, capital expenditures, projected costs and our plans and objectives for future operations, including our plans for future costs savings and synergies may be deemed to be forward-looking statements. Words such as “believe,” “expect,” “anticipate,” “may,” “assume,” “plan,” “intend,” “will,” “should,” “estimate,” “risk” and similar expressions or the negatives of these expressions are intended to identify forward-looking statements. By their nature, forward-looking statements involve known and unknown risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Forward-looking statements are not guarantees of future performance. You should not place undue reliance on these forward-looking statements. In addition any forward-looking statements are made only as of the date of this notice, and we do not intend and do not assume any obligation to update any statements set forth in this notice.